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Central Intelligence Bulletin

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LAOS: The public announcement of the new coalition government, which is to be invested by the King in Luang Prabang today, includes one surprise: Pathet Lao leader Prince Souphanouvong will assume the chairmanship of the 42-member Joint National Political Council.

Although there had been indications that such a move might be in the works, the Pathet Lao had bargained throughout the Lao protocol negotiations last summer to obtain for Souphanouvong the position of first deputy premier, and he was widely expected to assume that post. Instead it went to Phoumi Vongvichit, Souphanouvong's plenipotentiary representative during the protracted coalition negotiations. Phoumi will also serve as foreign minister.

Souphanouvong's assumption of the council chairmanship lends additional prestige and influence to that quasi-legislative body, whose leadership was already weighted in favor of the Pathet Lao by the protocol. Given its equal and independent status under the accords, control of the council could give the Communists an advantage in key domestic and foreign policy areas where the coalition cabinet might be unable to reach agreement.

There were no unexpected appointments on the Vientiane side. Souvanna will head the coalition as prime minister, and his deputy from the right will be Leuam Insisiengmay. The major portfolios of defense, interior, and finance will go to members of Souvanna's former cabinet, as will the ministries of education and health.

In addition to foreign affairs, the Pathet Lao will control the ministries of economy, public works, information, and religion. Neutralist politicians approved by both the Vientiane and Pathet Lao sides will head the remaining ministries of justice and of posts and telecommunications. [redacted]

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AUSTRALIA: The Whitlam government may be suddenly forced into early general elections.

The opposition has threatened to block appropriation bills pending in the Senate, and it probably has the votes to do so. Prime Minister Whitlam has warned that if the bills are not passed, he will dissolve both houses of Parliament and appeal to the electorate. If neither side backs down, the elections will probably be held on May 18, the date already set for the constitutionally required election for half of the Senate.

Despite Senate roadblocks to his legislative program, Whitlam has not called general elections because of his party's sagging popularity. The opposition, which until now has held back from pressing the government too far because of its own internal problems, may have been emboldened by a series of Labor government misfortunes:

- Labor lost a state election last Saturday;
- the Prime Minister has come under sharp criticism for some blatant political maneuvering in making an ambassadorial appointment;
- the government's consideration of a Soviet request for a joint scientific station in Australia has drawn sharp opposition and press attacks.

CHINA: Imports of advanced technology from the West have led to criticism both in the press and on wall posters. Articles have denounced the tendency toward "over-reliance" on such imports and have described the policy as equivalent to "letting the wolf into our house." At least one wall poster seen in a central ministry is reported to have criticized Premier Chou En-lai by name.

There is, in fact, merit to the charge that key sectors of China's economy are becoming increasingly dependent on Western equipment and technology. Orders for Western equipment approached \$2.5 billion last year, compared with a total of \$3 billion imported from Western suppliers over the previous ten years.

The poster that allegedly attacked Chou was seen in the Ministry of Fuel and Chemical Industries, the major recipient of equipment ordered last year. Most of the \$1.2 billion in whole plants purchased last year will produce fertilizer, manmade fibers, and plastics. In addition, China ordered more than \$100-million worth of mining equipment, chiefly for the coal-mining industry, and \$50-million worth of machinery for the petroleum industry.

China's transport industry also relies heavily on foreign equipment and technology. Last year Peking ordered almost \$750-million worth of trucks, aircraft, and ships from Japan and Western Europe. In addition, Peking contracted for \$235-million worth of dredges and other machinery that will be used to improve ports and harbors. The port-improvement program was specifically authorized by Premier Chou to handle an anticipated growth in foreign trade.

Despite criticism of over-reliance on foreign technology, a recent People's Daily article reiterated the importance China attaches to such imports. Moreover, there has been no negative effect on Chinese negotiations for equipment from Western suppliers. Since the beginning of this year, China has purchased whole plants worth about \$425 million from companies in Japan and Western Europe. The most recent contract signed was for a cold rolling mill worth \$200 million, to be supplied by a West German consortium.

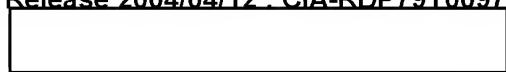
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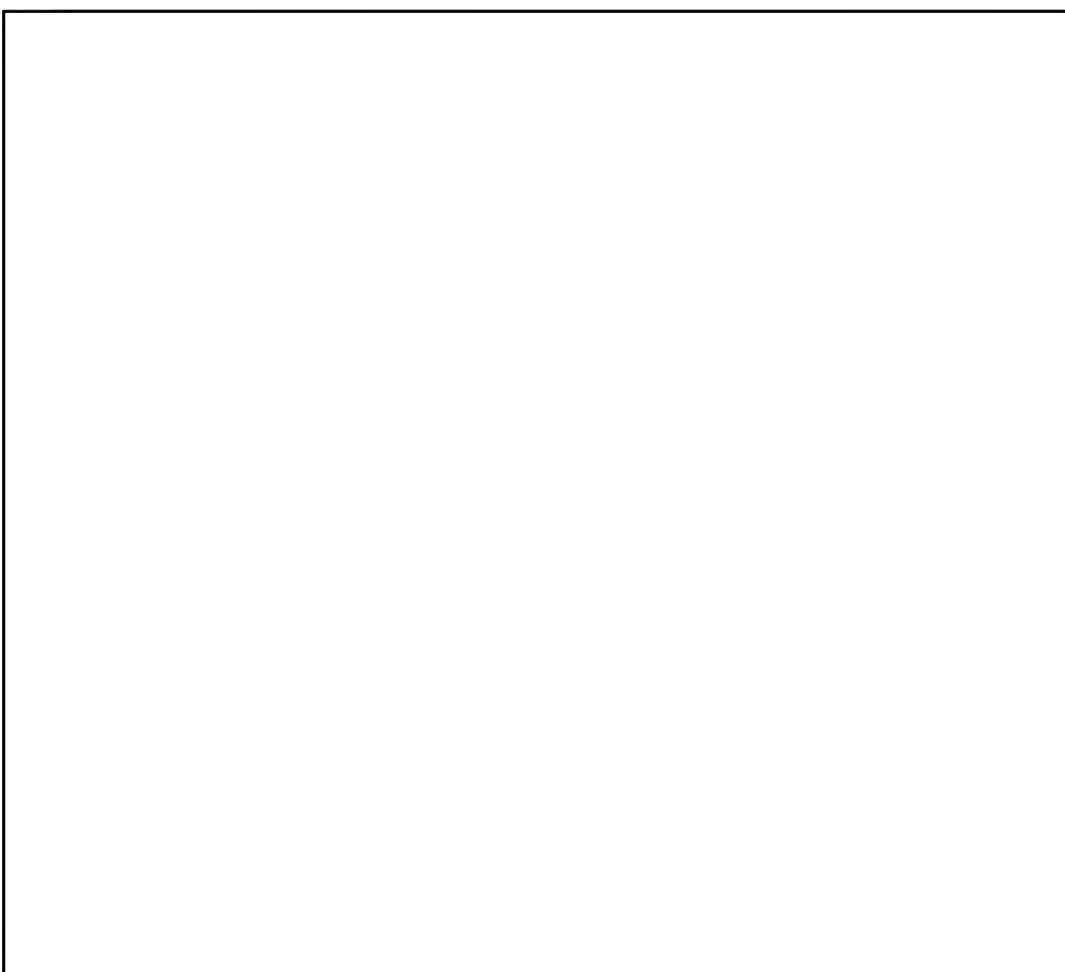
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Negotiations are continuing for a wide range of whole plants and equipment, including a bearing plant worth \$100 million, electric power plants, additional petrochemical plants, offshore oil rigs, and coal-mining equipment. If the negotiations are successful and the present level of purchases continues throughout the remainder of the year, machinery and equipment purchases from the West in 1974 will approach last year's record level.

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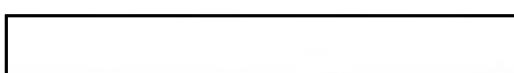


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